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Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

Re: Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; High-Cost Universal Service Support, WC Docket No. 05-337; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Intercarrier Compensation for ISP-Bound Traffic, WC Docket No. 99-68; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135

Dear Ms. Dortch:

On behalf of AT&T Services, Inc. Robert W. Quinn, Jack Zinman, and Cathy Carpino met with Nicholas Alexander, legal advisor to Commissioner McDowell on July 31, 2008. At the meeting, AT&T briefly summarized its July 17th filing concerning a framework for comprehensive reform to achieve a unified terminating rate for all carriers.

The goal of comprehensive reform should be unified terminating rates for all carriers, and the benchmark-based framework proposed by AT&T on July 17th, provides the Commission with the reform “dials” that it needs to achieve that goal. AT&T illustrated a few examples of how those dials could be set to achieve different policy outcomes, but noted that there are other dial-setting combinations from which the FCC could select.

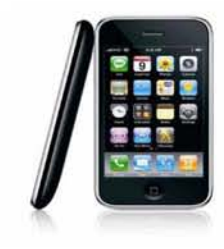
AT&T is encouraged by the Commission’s renewed commitment to intercarrier compensation reform and believes that a comprehensive solution is the only solution that serves the long-term interests of America’s consumers. The attached presentation served as a basis for the discussion.

Sincerely,

/s/ Brian Benison

cc: Nick Alexander

at&t



Everyone Agrees Reform Is Critical

- Deteriorating access volumes are undermining both Universal Service and broadband goals of the FCC
- Current system incents carriers to cling to the traditional voice model discouraging broadband adoption
- Access disputes also absorb time and energy of FCC and carriers in a game of Whack-a-Mole

Comprehensive Reform is the Best Solution

- AT&T urges the FCC to finally complete comprehensive intercarrier compensation reform
- Compensation certainty is critical to creating environment for broadband
- Stabilizing revenue streams through explicit recovery mechanisms necessary to achieve federal policy goals
- Comprehensive reform more straightforward and effective than piecemeal actions to resolve disputes
- If the FCC achieves comprehensive reform it will resolve several outstanding petitions and can dismiss them as moot (including AT&T's VOIP Compensation petition).

Ongoing Disputes

- ISP Bound Traffic Dkt 99-68, Dkt 01-92
- VOIP Compensation Dkt 01-92, Dkt 04-36
- Traffic Pumping Dkt 07-135
- VOIP Asymmetry Dkt 01-92, Dkt 04-36
- IP in the Middle Dkt 05-276
- Interconnection Point Manipulation Dkt 07-135
- Phantom Traffic Dkt 01-92
- Feature Group IP Forbearance Dkt 07-256
- Embarq Forbearance Dkt 08-08

A Framework for Comprehensive Reform

The Goal: Unified Terminating Rates

- Single, low and unified terminating rate will eliminate arbitrage opportunities and allow transition from old POTS business model to IP world

The Framework: Benchmark-based

- Establish National Comparability Benchmark to facilitate comparability of end-user rates
  - Set the benchmark at amount that ensures equitable balance between end-user recovery and targeted explicit support for high cost areas
  - Compare carrier’s rate composite against benchmark (its local rates, state and Federal SLCs, and proxy for state USF charge, if any)

The Framework (cont'd)

- Result of Benchmark comparison determines how much of terminating access reduction is replaced by end-user rates vs. Federal USF
- Reform "dials" can be adjusted to achieve desired policy outcomes
  - Intercarrier termination rates
  - Federal subscriber line charge
  - Universal Service support

Baseline Issues

- The following slides illustrate example of various dial settings within the framework, these are rough estimates
  - Assumptions for examples
    - Terminating rate is the same for all carriers
    - Financial impacts are based on national averages

- AT&T is proposing a framework to provide a common platform for the policy discussion

Scenario 1A:
Unified Terminating Rate set to Zero

RC
0 NC*

Terminating
Rate

6
4 8

SLC Cap
Change

1
0.5 1.5
0 2

FUSF Change
(in billions)

27
25 29

Benchmark

Total Access Shift = $4.3 Billion

Change in FUSF = $1.8 Billion

The dials above generally represent ranges available to the policy maker, they are not intended to be an exhaustive list of possible settings.

*NC=No Change

Scenario 1B:
Unified Terminating Rate set to Zero

RC 6 1 27

0 NC* 4 8 0.5 1.5 25 29

0 2

Terminating Rate

SLC Cap Change

FUSF Change (in billions)

Benchmark

Access Shift = $4.3 Billion

Change in FUSF = $1.1 Billion

Scenario 2A:
Unified Terminating Rate set to Reciprocal Compensation

RC 6 1 27

0.5 1.5

0 NC* 4 8 25 29

0 2

Terminating Rate

SLC Cap Change

FUSF Change (in billions)

Benchmark

Access Shift = $2.9 Billion

Change in FUSF = $1.0 Billion

Scenario 2B:
Unified Terminating Rate set to Reciprocal Compensation

RC

0 NC* 4

Terminating Rate

6

8

SLC Cap Change

1

0.5 1.5

0 2

FUSF Change (in billions)

27

25 29

Benchmark

Access Shift = $2.9 Billion

Change in FUSF = $0.6 Billion